

Michigan Department of Treasury  
496 (02/08)**Auditing Procedures Report**

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Plymouth Housing Commission	County
Fiscal Year End 09/30/2007	Opinion Date 04/17/2008	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

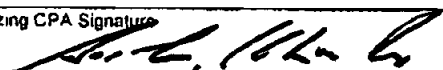
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Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Sailor, Khan & Co., LLC		Telephone Number 314-726-3308	
Street Address P.O. Box 16180		City St. Louis	State MO
		Zip 63105	
Authorizing CPA Signature 	Printed Name Shah I. Khan		License Number 1102001772

PLYMOUTH HOUSING COMMISSION  
PLYMOUTH, MICHIGAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007  
AND  
REPORTS ON COMPLIANCE AND  
ON INTERNAL CONTROL

PLYMOUTH HOUSING COMMISSION  
Plymouth, Michigan

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Sailor

Certified Public Accountants

Khan & Co. LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Plymouth Housing Commission  
Plymouth, Michigan

We have audited the accompanying basic financial statements of the Plymouth Housing Commission, Michigan, (Commission) as of and for the year ended September 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

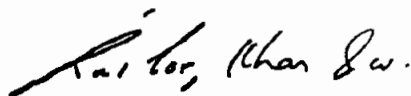
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Plymouth Housing Commission, Michigan, as of September 30, 2007, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2008, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages ii to vi is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining accompanying supplemental information including the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Sailor, Khan & Co. LLC  
April 17, 2008

## **Plymouth Housing Commission**

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### **Management's Discussion and Analysis (MD&A) September 30, 2007 (Unaudited)**

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This section of the Plymouth Housing Commission (Commission) annual financial report presents our management's discussion and analysis of the Commission's financial performance during the fiscal year ended on September 30, 2007. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Commission is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

#### **FINANCIAL HIGHLIGHTS**

The term "net assets" refers to the difference between assets and liabilities. The Commission's total net assets as of September 30, 2007 were \$6,975,563. The net assets increased by \$2,837,482, a increase of 68.6% over the prior year.

Revenues and contributions for the Commission were \$11,966,444 for the year ended September 30, 2007. This was a decrease of \$153,619 or 1.3% from the prior year.

Expenses for the Commission were \$9,997,866 for the year ended September 30, 2007. This was a decrease of \$1,769,874 or 15.0% from the prior year.

HUD operating grants were \$11,037,145 for the year ended September 30, 2007. This was a decrease of \$298,738 or 2.6% from the prior year. Capital contributions for the Commission were \$90,587 for the year ended September 30, 2007. This was an increase of \$60,738 or 203.5% over the prior year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund level financial statements because the Commission only has proprietary funds.

#### **Required Financial Statements**

The financial statements of the Housing Commission report information of the Commission using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

**Plymouth Housing Commission  
(Unaudited)  
Management's Discussion and Analysis (MD&A) - Continued**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

**Supplemental Information**

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Commission's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended September 30, 2007 and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$6,975,563 at the close of the year ended September 30, 2007 an increase of \$4,138,081 in 2006. The increase in net assets of \$2,837,482 was due to the change in net assets for the year and prior period adjustments.

The unrestricted net assets were \$5,338,926 as of September 30, 2007 compared to \$2,408,285 in 2006, an increase by 121.7%, this amount may be used to meet the Commission's ongoing obligations. The Commission had no net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Commission is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

The Commission's restricted assets are primarily escrow deposit amounts set up for Family Self-Sufficiency (FSS) participants in the Housing Choice Voucher Program. The Escrow amounts decreased by \$952,910 from the prior year. The decrease is primarily due to adjustments of \$868,904 to FSS Escrows which were forfeited because families were either not under contract or have not fulfilled the contracts. The Commission's current and other assets increased primarily due to an increase in investments and cash and cash equivalents. Noncurrent liabilities decreased primarily due to adjustments of \$868,904 to FSS Escrows which were forfeited because families were either not under contract or have not fulfilled the contracts.

**Plymouth Housing Commission  
(Unaudited)  
Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

**CONDENSED STATEMENTS OF NET ASSETS  
SEPTEMBER 30,**

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 5,518,369	\$ 2,604,820	\$ 2,913,549	111.9%
Restricted assets	13,783	966,693	(952,910)	-98.6%
Capital assets	<u>1,636,637</u>	<u>1,729,796</u>	<u>(93,159)</u>	-5.4%
Total Assets	<u>7,168,789</u>	<u>5,301,309</u>	<u>1,867,480</u>	35.2%
Current liabilities	151,568	162,823	(11,255)	-6.9%
Noncurrent liabilities	<u>41,658</u>	<u>1,000,405</u>	<u>(958,747)</u>	-95.8%
Total Liabilities	<u>193,226</u>	<u>1,163,228</u>	<u>(970,002)</u>	-83.4%
Net Assets				
Invested in capital assets	1,636,637	1,729,796	(93,159)	-5.4%
Unrestricted	<u>5,338,926</u>	<u>2,408,285</u>	<u>2,930,641</u>	121.7%
Total Net Assets	<u>\$ 6,975,563</u>	<u>\$ 4,138,081</u>	<u>\$ 2,837,482</u>	68.6%

A portion of the Commission's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Commission uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the following page total revenues and contributions decreased by \$153,619 due to a decrease in HUD operating grants, which was partially offset by increases in rental revenue, capital contributions, interest income and other income.

HUD funding will often vary from year to year since it is dependant on the federal budget (operating subsidy) and availability and/or use of grant funds. Capital contributions increased due to increases in expenditures in the Capital Fund Program. Interest income increased due to excess cash having been invested in certificate of deposits, which earn a higher interest rate.

**Plymouth Housing Commission  
(Unaudited)  
Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
SEPTEMBER 30,**

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues and Contributions</b>				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 422,094	\$ 408,706	\$ 13,388	3.3%
HUD operating grants	11,037,145	11,335,883	(298,738)	-2.6%
Interest income	106,903	64,754	42,149	65.1%
Capital Contributions	90,587	29,849	60,738	203.5%
Other income	309,712	280,871	28,841	10.3%
Gain (loss) on sale of fixed assets	3	----	3	100.0%
Total Revenues and Contributions	<u>11,966,444</u>	<u>12,120,063</u>	<u>(153,619)</u>	-1.3%
<b>Expenses</b>				
Personal services	1,009,859	928,186	81,673	8.8%
Utilities	95,294	101,819	(6,525)	-6.4%
Operations and maintenance	314,405	341,284	(26,879)	-7.9%
Insurance	25,343	23,632	1,711	7.2%
Payment in lieu of taxes	31,813	29,385	2,428	8.3%
Other supplies and expenses	288,376	222,630	65,746	29.5%
Housing assistance payments	8,049,026	9,937,951	(1,888,925)	-19.0%
Depreciation	183,750	182,853	897	0.5%
Total Expenses	<u>9,997,866</u>	<u>11,767,740</u>	<u>(1,769,874)</u>	-15.0%
Change in net assets	1,968,578	352,323	1,616,255	
Beginning net assets	4,138,081	3,785,758	352,323	
Prior period adjustments	<u>868,904</u>	----	<u>868,904</u>	
Beginning net assets, adjusted	<u>5,006,985</u>	<u>3,785,758</u>	<u>1,221,227</u>	
Ending net assets	<u>\$ 6,975,563</u>	<u>\$ 4,138,081</u>	<u>\$ 2,837,482</u>	

Total expenses decreased by \$1,769,874 due to decreases in housing assistance payments, utilities and operations and maintenance, which were partially offset by increases in personal services, insurance, payment in lieu of taxes, depreciation and other supplies and expenses.



**Plymouth Housing Commission  
(Unaudited)  
Management's Discussion and Analysis (MD&A) - Continued**

**CAPITAL ASSETS**

*Capital Assets* - The Plymouth Housing Commission's investment in capital assets, as of September 30, 2007 amounts to \$1,636,637 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

**CAPITAL ASSETS  
NET OF ACCUMULATED DEPRECIATION  
SEPTEMBER 30,**

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>
Land	\$ 50,000	\$ 50,000	\$ ----
Building	3,363,795	3,304,602	59,193
Furniture, equipment and machinery- administration	229,882	235,952	(6,070)
Leasehold improvements	792,541	792,541	----
Construction in progress	<u>108,813</u>	<u>77,419</u>	<u>31,394</u>
	4,545,031	4,460,514	84,517
Accumulated depreciation	<u>2,908,394</u>	<u>2,730,718</u>	<u>177,676</u>
Total	<u>\$ 1,636,637</u>	<u>\$ 1,729,796</u>	<u>\$ (93,159)</u>

The total decrease in the Commission's capital assets for the current fiscal year was \$93,159 or 5.4% in terms of net book value. Actual expenditures to purchase equipment and construct capital assets were \$90,587 for the year. The Commission has \$37,087 available in Capital Funds to draw down and spend in the future.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Housing Commission is primarily dependent upon HUD for the funding of operations; therefore, the Housing Commission is affected more by the Federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2008 Federal budget.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Sharon Lee Thomas, Executive Director; Plymouth Housing Commission; 1160 Sheridan; Plymouth, Michigan 48170.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF NET ASSETS

September 30, 2007

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 4,843,684.31
Investments	529,183.80
Receivable - net of allowances:	
Accounts	126,553.70
Accrued interest	12,093.44
Prepaid expenses	<u>6,854.00</u>
 Total Current Assets	 <u>5,518,369.25</u>

Noncurrent Assets:

Restricted assets:

Cash and cash equivalents	<u>13,782.70</u>
 Total restricted assets	 <u>13,782.70</u>

Capital assets:

Land, improvements, and construction in progress	158,813.11
Other capital assets, net of depreciation	<u>1,477,823.80</u>

Total capital assets- net	<u>1,636,636.91</u>
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Total Noncurrent Assets	<u>1,650,419.61</u>
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Total Assets	<u>\$ 7,168,788.86</u>
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See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF NET ASSETS (CONTINUED)

September 30, 2007

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 74,950.24
Accrued compensated absences	35,215.26
Tenant security deposit liability	36,161.00
Deferred revenues	<u>5,241.20</u>

Total Current Liabilities 151,567.70

Noncurrent Liabilities:

Accrued compensated absences	27,875.50
Deferred credits and escrow deposits	<u>13,782.70</u>

Total Noncurrent Liabilities 41,658.20

Total Liabilities 193,225.90

**NET ASSETS**

Invested in capital assets	1,636,636.91
Unrestricted	<u>5,338,926.05</u>

Total Net Assets 6,975,562.96

Total Liabilities and Net Assets \$ 7,168,788.86

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**

For Year Ended September 30, 2007

**Operating Revenues:**

Rental revenue	\$ 422,093.50
Operating subsidies- HUD grants	11,037,145.01
Other revenues	<u>309,712.12</u>

Total operating revenues	<u>11,768,950.63</u>
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**Operating Expenses:**

Personal services	1,009,859.22
Utilities	95,293.87
Operations and maintenance	314,405.07
Insurance	25,343.50
Payment in lieu of taxes	31,812.93
Other supplies and expenses	288,376.42
Housing assistance payments	8,049,025.98
Depreciation	<u>183,749.52</u>

Total operating expenses	<u>9,997,866.51</u>
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Operating income (loss)	<u>1,771,084.12</u>
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**Non-operating revenues (expenses):**

Interest and investment earnings	106,903.35
Gain (Loss) on sale of fixed assets	<u>3.29</u>

Net non-operating revenues (expenses)	<u>106,906.64</u>
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Income (loss) before other revenues, expenses, gains, losses and transfers	1,877,990.76
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Capital contributions	<u>90,587.11</u>
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Change in net assets	1,968,577.87
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Net assets at beginning of year	4,138,081.19
Prior period error corrections	<u>868,903.90</u>

Net assets adjusted at beginning of year	<u>5,006,985.09</u>
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Net assets at end of year	<u><u>\$ 6,975,562.96</u></u>
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See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**STATEMENT OF CASH FLOWS**

For Year Ended September 30, 2007

**Cash flows from operating activities:**

Cash received from tenants	\$ 422,093.50
Cash received from HUD grants- operating	11,101,922.01
Cash received from other operating activities	452,450.22
Cash payments for goods and services	(8,783,030.61)
Cash payments to employees-salaries	(604,784.23)
Cash payments to employees-compensated absences	(28,535.05)
Cash payments for employee benefit contributions	(381,187.82)
Cash payments for in lieu of property taxes	<u>(29,385.18)</u>

Net cash provided (used) by operating activities 2,149,542.84

**Cash flows from capital and related financing activities:**

Capital contributions	75,964.99
Receipts (payments) from deferred credits and escrow deposits	(79,608.22)
Payments for capital assets	<u>(90,587.11)</u>

Net cash (used) for capital and related financing activities (94,230.34)

**Cash flows from investing activities:**

Proceeds from sale of (payments) for investments	(529,183.80)
Interest and dividends	94,809.91
Receipts (payments) from tenant security deposits	<u>1,281.00</u>

Net cash provided (used ) from investing activities (433,092.89)

Net increase (decrease) in cash and cash equivalents 1,622,219.61

Cash and cash equivalents at beginning of year 3,235,247.40

Cash and cash equivalents at end of year \$ 4,857,467.01

Cash and cash equivalents \$ 4,843,684.31

Restricted cash and cash equivalents 13,782.70

Total cash and cash equivalents at end of year \$ 4,857,467.01

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**STATEMENT OF CASH FLOWS (CONTINUED)**

For Year Ended September 30, 2007

**Reconciliation of operating income (loss) to net cash**

**provided (used) by operating activities:**

Operating income (loss)	\$ 1,771,084.12
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	183,749.52
Changes in assets and liabilities:	
Receivables	207,515.10
Prepaid expenses	(97.50)
Accounts and other payables	(8,060.52)
Compensated absences	<u>(4,647.88)</u>
Net cash provided (used) by operating activities	<u>\$ 2,149,542.84</u>

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

September 30, 2007

**NOTE 1 - Summary of Significant Accounting Policies**

The Plymouth Housing Commission (Commission) is a non-profit entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1a. Financial Reporting Entity**

The Housing Commission's financial reporting entity comprises the following:

Primary Government: Housing Commission

In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

**1b. Basis of Presentation**

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Commission's programs as an enterprise fund.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1b. Basis of Presentation (Continued)**

Following is a description of the Commission's programs:

<b>Program</b>	<b>Brief Description</b>
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Resident Opportunity and Supportive Services	Accounts for activities of the ROSS program which links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
Business Activities	Accounts for activities of the Commission's administrative contracts with other agencies.

**1c. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the financial statements, the "economic resources" measurement focus is used as follows:

- ▶ The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1c. Measurement Focus and Basis of Accounting (Continued)**

**Basis of Accounting**

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**1d. Assets, Liabilities, and Equity**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

**Interprogram Receivables and Payables**

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

**Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Accounts receivable miscellaneous, accrued interest receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Budgets and Budgetary Accounting**

The Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

NOTE 1 - Summary of Significant Accounting Policies (Continued)

1d. Assets, Liabilities, and Equity (Continued)

Estimates and Assumptions

The Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$1,500.00 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	5 - 40 years
Furniture, equipment and machinery - administration	5 - 7 years
Leasehold improvements	5 - 15 years

Restricted Assets

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Family Self Sufficiency, which is a HUD program.

Compensated Absences

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2007

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1d. Assets, Liabilities, and Equity (Continued)**

**Equity Classifications**

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Commission had no related debt.
- b. Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**1e. Revenues, Expenditures, and Expenses**

**Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

**Interfund Transfers**

For the purposes of the Statement of Revenues, Expenses and Change in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

**NOTE 2 - Stewardship, Compliance, and Accountability**

The Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Commission's compliance with significant laws and regulations and demonstration of its stewardship over Commission resources follows.

**2a. Program Accounting Requirements**

The Commission complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Commission are as follows:

<b>Program</b>	<b>Required By</b>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
Resident Opportunity and Supportive Services	U.S. Department of Housing and Urban Development
Business Activities	Housing Commission

**2b. Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of the Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Commission must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

**2c. Revenue Restrictions**

The Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization
Resident Opportunity and Supportive Services Program	Supportive services and empowerment activities

For the year ended September 30, 2007, the Commission complied, in all material respects, with these revenue restrictions.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

**NOTE 3 - Detail Notes on Transaction Classes/Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3a. Cash and Investments**

**Deposits**

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it or the Commission will not be able to recover collateral securities in the possession of an outside party. As of September 30, 2007, the Commission's bank balances of \$4,976,293.67, were insured by federal depository insurance or collateralized with securities held by the pledging financial institutions in the Commission's name.

**Investments**

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2007, the Commission's investments were \$529,183.80. These investments were insured by federal depository insurance or registered, or securities held by the Commission or its agent in the Commission's name.

*Credit Risk Investments, Concentrations of Credit Risk and Interest Rate Risk - Investments:*

*Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission will minimize credit risk by reviewing the financial institutions with which the Commission will do business so that potential losses on individual securities will be minimized.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority has chosen longer term investments due to current favorable rates. Longer terms will minimize the adverse effect of possible future declining rates.

*Concentration of Credit Risk* is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer. The Commission does not have a written investment policy covering concentration of credit risk.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3b. Restricted Assets

The restricted assets as of September 30, 2007, are as follows:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
FSS escrow	\$ <u>13,782.70</u>	\$ ----	\$ ----	\$ <u>13,782.70</u>
	\$ <u>13,782.70</u>	\$ ----	\$ ----	\$ <u>13,782.70</u>

3c. Accounts Receivable

Receivables detail at September 30, 2007, is as follows:

Accounts receivable - HUD	\$ 17,760.70
Accounts receivable -miscellaneous (Dearborn Heights Housing Commission/ Ingham City)	<u>108,793.00</u>
	\$ <u>126,553.70</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3d. Capital Assets

Capital asset activity for the year ended September 30, 2007, was as follows:

	Balance October 1, 2006	Additions	(Retirements)	Transfers in (out)	Balance September 30, 2007
Land	\$ 50,000.00	\$ ----	\$ ----	\$ ----	\$ 50,000.00
Building	3,304,602.28	----	----	59,192.60	3,363,794.88
Furniture, equipment and machinery- administration	235,951.74	----	(6,069.74)	----	229,882.00
Leasehold improvements	792,541.18	----	----	----	792,541.18
Construction in progress	77,418.60	90,587.11	----	(59,192.60)	108,813.11
	4,460,513.80	<u>\$ 90,587.11</u>	<u>\$ (6,069.74)</u>	<u>\$ ----</u>	4,545,031.17
Accumulated depreciation	<u>2,730,717.77</u>	<u>\$ 183,749.52</u>	<u>\$ (6,073.03)</u>	<u>\$ ----</u>	<u>2,908,394.26</u>
Total	<u>\$ 1,729,796.03</u>				<u>\$ 1,636,636.91</u>

3e. Accounts Payable

Payable detail at September 30, 2007, is as follows:

Accounts payable - vendors	\$ 43,138.79
Accounts payable - other government - PILOT	<u>31,811.45</u>
	<u>\$ 74,950.24</u>

3f. Compensated Absences

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at September 30, 2007 is \$63,090.76.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3g. Non-current Liabilities

As of September 30, 2007, the non-current liabilities are comprised of the following:

Deferred credits and escrow deposits - FSS escrow	\$ 13,782.70
Accrued compensated absences - non current portion	<u>27,875.50</u>
Total	<u>\$ 41,658.20</u>

The following is a summary of changes in non-current liabilities for the year ended September 30, 2007:

	<u>Balance September 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>	<u>Amounts Due within One Year</u>
Deferred credits and escrow deposits	\$ 966,692.52	\$ ----	\$ 952,909.82	\$ 13,782.70	\$ ----
Accrued compensated absences	<u>33,712.13</u>	<u>----</u>	<u>5,836.63</u>	<u>27,875.50</u>	<u>35,215.26</u>
Total	<u>\$ 1,000,404.65</u>	<u>\$ ----</u>	<u>\$ 958,746.45</u>	<u>\$ 41,658.20</u>	<u>\$ 35,215.26</u>

3h. Interprogram Transactions and Balances

*Interprogram Receivable/Payable*

Public and Indian Housing - Low Rent	\$ 39,210.95
Housing Choice Vouchers	(577,401.85)
Capital Fund Program	(4,026.70)
Resident Opportunity and Supportive Services	5,241.20
Business activities	<u>536,976.40</u>
Total	<u>\$ ----</u>



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3i. Unrestricted net assets - Prior-period Error Corrections**

Following is the composite of error corrections:

1. Accounts receivable - miscellaneous - refund of premiums	\$ 533.20
2. Accounts payable - PHA projects - correct management fees	(4,930.90)
3. FSS escrow liability - FSS escrow cancelled	<u>873,301.60</u>
Totals	<u>\$ 868,903.90</u>

**NOTE 4 - Other Notes**

**4a. Employee Retirement Plan**

The Plymouth Housing Commission provides a pension benefits for its full-time employees through a defined contribution plan and a defined benefit plan. A defined contribution plan depends solely on amounts contributed to the plan plus investment earnings. The plan requires the Plymouth Housing Commission to contribute 15% of covered wages. A defined benefit plan depends on the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation. The plan requires the Housing Commission to contribute a flat rate of \$5,213.00 monthly for covered employees. The Housing Commission's contribution for each employee is fully vested in the following manor: Defined Benefit Participants vest in 10 years of service and Defined Contribution Participants vest in 20 years of service. The Commission accounts for pension cost as incurred. Pension expense totaled \$126,459.38 for the year ended September 30, 2007.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

NOTE 4 - Other Notes (Continued)

4b. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Michigan Municipal Risk Management
b. Injuries to employees (workers' compensation)	Purchased insurance with Hanover Insurance Company; Claims are administered by C.L. Finland and Son, Inc.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$250.00 deductibles.
d. Health and life	Purchased health insurance with Blue Cross Blue Shield of Michigan; Life insurance is provided by Lafayette Life Insurance Company

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4c. Economic Dependency

The Plymouth Housing Commission receives a significant portion of its revenue from funds provided through Federal grants. The grant amounts are appropriated each year at the Federal level. The amount of the funds the Commission receives could be reduced significantly and have an adverse impact on its operations.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2007

NOTE 4 - Other Notes (Continued)

4d. Commitments and Contingencies

Commitments—Construction

At September 30, 2007, the Commission had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-06	\$ <u>110,849.00</u>	\$ <u>73,762.12</u>
	\$ <u><u>110,849.00</u></u>	\$ <u><u>73,762.12</u></u>

Contingencies

The Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

The Housing Commission is currently in negotiations with the Department of Housing and Urban Development over the forfeiture amount owed in their audit performed by the Office of Inspector General.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM

September 30, 2007

	Low Rent Program	Housing Choice Vouchers
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 446,755.81	\$ 3,484,972.96
Investments	-----	529,183.80
Receivable - net of allowances:		
Accounts	17,435.01	1,000.00
Accrued interest	-----	12,093.44
Due from (to) interprogram	39,210.95	(577,401.85)
Prepaid expenses	<u>6,854.00</u>	<u>-----</u>
Total Current Assets	<u>510,255.77</u>	<u>3,449,848.35</u>
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	<u>-----</u>	<u>13,782.70</u>
Total restricted assets	<u>-----</u>	<u>13,782.70</u>
Capital assets:		
Land, improvements, and construction in progress	50,000.00	-----
Other capital assets, net of depreciation	<u>1,136,365.45</u>	<u>341,458.35</u>
Total capital assets- net	<u>1,186,365.45</u>	<u>341,458.35</u>
Total Noncurrent Assets	<u>1,186,365.45</u>	<u>355,241.05</u>
Total Assets	<u>\$ 1,696,621.22</u>	<u>\$ 3,805,089.40</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2007

	<u>Low Rent Program</u>	<u>Housing Choice Vouchers</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 74,950.24	\$ -----
Accrued compensated absences	12,975.45	13,343.88
Tenant security deposit liability	<u>36,161.00</u>	<u>-----</u>
Total Current Liabilities	<u>124,086.69</u>	<u>13,343.88</u>
Noncurrent Liabilities:		
Accrued compensated absences	8,114.55	11,856.57
Deferred credits and escrow deposits	<u>-----</u>	<u>13,782.70</u>
Total Noncurrent Liabilities	<u>8,114.55</u>	<u>25,639.27</u>
Total Liabilities	<u>132,201.24</u>	<u>38,983.15</u>
<b>NET ASSETS</b>		
Invested in capital assets	1,186,365.45	341,458.35
Unrestricted	<u>378,054.53</u>	<u>3,424,647.90</u>
Total Net Assets	<u>1,564,419.98</u>	<u>3,766,106.25</u>
Total Liabilities and Net Assets	<u>\$ 1,696,621.22</u>	<u>\$ 3,805,089.40</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2007

	Resident Opportunity and Supportive Services	Capital Fund Program	Disaster Voucher Program
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ -----	\$ -----	\$ 2,058.00
Receivable - net of allowances:			
Accounts	-----	4,026.70	-----
Due from (to) interprogram	<u>5,241.20</u>	<u>(4,026.70)</u>	<u>-----</u>
Total Current Assets	<u>5,241.20</u>	<u>-----</u>	<u>2,058.00</u>
Noncurrent Assets:			
Capital assets:			
Land, improvements, and construction in progress	<u>-----</u>	<u>108,813.11</u>	<u>-----</u>
Total capital assets- net	<u>-----</u>	<u>108,813.11</u>	<u>-----</u>
Total Noncurrent Assets	<u>-----</u>	<u>108,813.11</u>	<u>-----</u>
Total Assets	<u>\$ 5,241.20</u>	<u>\$ 108,813.11</u>	<u>\$ 2,058.00</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Deferred revenues	<u>\$ 5,241.20</u>	<u>\$ -----</u>	<u>\$ -----</u>
Total Current Liabilities	<u>5,241.20</u>	<u>-----</u>	<u>-----</u>
Total Liabilities	<u>5,241.20</u>	<u>-----</u>	<u>-----</u>
<b>NET ASSETS</b>			
Invested in capital assets	-----	108,813.11	-----
Unrestricted	<u>-----</u>	<u>-----</u>	<u>2,058.00</u>
Total Net Assets	<u>-----</u>	<u>108,813.11</u>	<u>2,058.00</u>
Total Liabilities and Net Assets	<u>\$ 5,241.20</u>	<u>\$ 108,813.11</u>	<u>\$ 2,058.00</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2007

	Business Activities	Totals
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 909,897.54	\$ 4,843,684.31
Investments	-----	529,183.80
Receivable - net of allowances:		
Accounts	104,091.99	126,553.70
Accrued interest	-----	12,093.44
Due from (to) interprogram	536,976.40	-----
Prepaid expenses	-----	6,854.00
Total Current Assets	<u>1,550,965.93</u>	<u>5,518,369.25</u>
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	-----	13,782.70
Total restricted assets	-----	13,782.70
Capital assets:		
Land, improvements, and construction in progress	-----	158,813.11
Other capital assets, net of depreciation	-----	1,477,823.80
Total capital assets- net	-----	1,636,636.91
Total Noncurrent Assets	-----	1,650,419.61
Total Assets	<u>\$ 1,550,965.93</u>	<u>\$ 7,168,788.86</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2007

	Business Activities	Totals
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ -----	\$ 74,950.24
Accrued compensated absences	8,895.93	35,215.26
Tenant security deposit liability	-----	36,161.00
Deferred revenues	-----	5,241.20
	<u>8,895.93</u>	<u>151,567.70</u>
Total Current Liabilities		
Noncurrent Liabilities:		
Accrued compensated absences	7,904.38	27,875.50
Deferred credits and escrow deposits	-----	13,782.70
	<u>7,904.38</u>	<u>41,658.20</u>
Total Noncurrent Liabilities		
Total Liabilities	<u>16,800.31</u>	<u>193,225.90</u>
<b>NET ASSETS</b>		
Invested in capital assets	-----	1,636,636.91
Unrestricted	<u>1,534,165.62</u>	<u>5,338,926.05</u>
Total Net Assets	<u>1,534,165.62</u>	<u>6,975,562.96</u>
Total Liabilities and Net Assets	<u>\$ 1,550,965.93</u>	<u>\$ 7,168,788.86</u>



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS BY PROGRAM**

For Year Ended September 30, 2007

	<u>Low Rent Program</u>	<u>Housing Choice Vouchers</u>
<b>Operating Revenues:</b>		
Rental revenue	\$ 422,093.50	\$ -----
Operating subsidies- HUD grants	73,318.00	10,932,381.00
Other revenues	<u>4,964.40</u>	<u>34,135.00</u>
Total operating revenues	<u>500,375.90</u>	<u>10,966,516.00</u>
<b>Operating Expenses:</b>		
Personal services	134,932.12	675,772.03
Utilities	95,293.87	-----
Operations and maintenance	171,011.07	100,322.56
Insurance	25,343.50	-----
Payment in lieu of taxes	31,812.93	-----
Other supplies and expenses	20,766.13	198,084.78
Housing assistance payments	-----	8,048,125.98
Depreciation	<u>140,096.71</u>	<u>43,652.81</u>
Total operating expenses	<u>619,256.33</u>	<u>9,065,958.16</u>
Operating income (loss)	<u>(118,880.43)</u>	<u>1,900,557.84</u>
<b>Non-operating revenues (expenses):</b>		
Interest and investment earnings	24,555.96	25,623.57
Gain (Loss) on sale of fixed assets	<u>-----</u>	<u>3.29</u>
Net non-operating revenues (expenses)	<u>24,555.96</u>	<u>25,626.86</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	<u>(94,324.47)</u>	<u>1,926,184.70</u>
Change in net assets	(94,324.47)	1,926,184.70
Net assets at beginning of year	1,599,018.65	966,619.95
Prior period error corrections	<u>533.20</u>	<u>873,301.60</u>
Net assets adjusted at beginning of year	1,599,551.85	1,839,921.55
Equity transfers	<u>59,192.60</u>	<u>-----</u>
Net assets at end of year	\$ <u><u>1,564,419.98</u></u>	\$ <u><u>3,766,106.25</u></u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)**

For Year Ended September 30, 2007

	Resident Opportunity and Supportive Services	Capital Fund Program	Disaster Voucher Program
<b>Operating Revenues:</b>			
Operating subsidies- HUD grants	\$ -----	\$ 28,192.01	\$ 3,254.00
Total operating revenues	-----	28,192.01	3,254.00
<b>Operating Expenses:</b>			
Personal services	-----	14,129.89	-----
Operations and maintenance	-----	7,929.00	-----
Other supplies and expenses	-----	6,133.12	296.00
Housing assistance payments	-----	-----	900.00
Total operating expenses	-----	28,192.01	1,196.00
Operating income (loss)	-----	-----	2,058.00
Income (loss) before other revenues, expenses, gains, losses and transfers	-----	-----	2,058.00
Capital contributions	-----	90,587.11	-----
Change in net assets	-----	90,587.11	2,058.00
Net assets at beginning of year	-----	77,418.60	-----
Net assets adjusted at beginning of year	-----	77,418.60	-----
Equity transfers	-----	(59,192.60)	-----
Net assets at end of year	\$ -----	\$ 108,813.11	\$ 2,058.00

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)**

For Year Ended September 30, 2007

	Business Activities	Totals
<b>Operating Revenues:</b>		
Rental revenue	\$ -----	\$ 422,093.50
Operating subsidies- HUD grants	-----	11,037,145.01
Other revenues	<u>270,612.72</u>	<u>309,712.12</u>
Total operating revenues	<u>270,612.72</u>	<u>11,768,950.63</u>
<b>Operating Expenses:</b>		
Personal services	185,025.18	1,009,859.22
Utilities	-----	95,293.87
Operations and maintenance	35,142.44	314,405.07
Insurance	-----	25,343.50
Payment in lieu of taxes	-----	31,812.93
Other supplies and expenses	63,096.39	288,376.42
Housing assistance payments	-----	8,049,025.98
Depreciation	<u>-----</u>	<u>183,749.52</u>
Total operating expenses	<u>283,264.01</u>	<u>9,997,866.51</u>
Operating income (loss)	<u>(12,651.29)</u>	<u>1,771,084.12</u>
<b>Non-operating revenues (expenses):</b>		
Interest and investment earnings	56,723.82	106,903.35
Gain (Loss) on sale of fixed assets	<u>-----</u>	<u>3.29</u>
Net non-operating revenues (expenses)	<u>56,723.82</u>	<u>106,906.64</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	44,072.53	1,877,990.76
Capital contributions	<u>-----</u>	<u>90,587.11</u>
Change in net assets	44,072.53	1,968,577.87
Net assets at beginning of year	1,495,023.99	4,138,081.19
Prior period error corrections	<u>(4,930.90)</u>	<u>868,903.90</u>
Net assets adjusted at beginning of year	<u>1,490,093.09</u>	<u>5,006,985.09</u>
Net assets at end of year	<u>\$ 1,534,165.62</u>	<u>\$ 6,975,562.96</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For Year Ended September 30, 2007

	Low Rent Program	Housing Choice Vouchers
<b>Cash flows from operating activities:</b>		
Cash received from tenants	\$ 422,093.50	\$ -----
Cash received from HUD grants- operating	59,584.00	11,010,892.00
Cash received from other operating activities	1,796.59	271,323.00
Cash payments for goods and services	(301,091.72)	(8,346,533.32)
Cash payments to employees-salaries	(88,284.48)	(390,710.59)
Cash payments to employees-compensated absences	(10,892.31)	3.00
Cash payments for employee benefit contributions	(49,533.68)	(279,586.17)
Cash payments for in lieu of property taxes	(29,385.18)	-----
Net cash provided (used) by operating activities	<u>4,286.72</u>	<u>2,265,387.92</u>
<b>Cash flows from noncapital financing activities:</b>		
Receipts (payments) from interprograms	<u>(32,516.88)</u>	<u>285,845.00</u>
Net cash provided (used) from non capital financing activities	<u>(32,516.88)</u>	<u>285,845.00</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts (payments) from interprograms	(14,622.12)	-----
Receipts (payments) from deferred credits and escrow deposits	-----	<u>(79,608.22)</u>
Net cash (used) for capital and related financing activities	<u>(14,622.12)</u>	<u>(79,608.22)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of (payments) for investments	-----	(529,183.80)
Interest and dividends	24,555.96	13,530.13
Receipts (payments) from tenant security deposits	<u>1,281.00</u>	-----
Net cash provided (used) from investing activities	<u>25,836.96</u>	<u>(515,653.67)</u>
Net increase (decrease) in cash and cash equivalents	(17,015.32)	1,955,971.03
Cash and cash equivalents at beginning of year	<u>463,771.13</u>	<u>1,542,784.63</u>
Cash and cash equivalents at end of year	<u>\$ 446,755.81</u>	<u>\$ 3,498,755.66</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)**

For Year Ended September 30, 2007

	<u>Low Rent Program</u>	<u>Housing Choice Vouchers</u>
Cash and cash equivalents	\$ 446,755.81	\$ 3,484,972.96
Restricted cash and cash equivalents	<u>-----</u>	<u>13,782.70</u>
Total cash and cash equivalents at end of year	<u>\$ 446,755.81</u>	<u>\$ 3,498,755.66</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (118,880.43)	\$ 1,900,557.84
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	140,096.71	43,652.81
Changes in assets and liabilities:		
Receivables	(16,901.81)	315,699.00
Prepaid expenses	(97.50)	-----
Accounts and other payables	13,848.10	-----
Compensated absences	<u>(13,778.35)</u>	<u>5,478.27</u>
Net cash provided (used) by operating activities	<u>\$ 4,286.72</u>	<u>\$ 2,265,387.92</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)**

For Year Ended September 30, 2007

	Resident Opportunity and Supportive Services	Capital Fund Program	Disaster Voucher Program
<b>Cash flows from operating activities:</b>			
Cash received from HUD grants- operating	\$ ----	\$ 28,192.01	\$ 3,254.00
Cash payments for goods and services	----	(14,062.12)	(1,196.00)
Cash payments to employees-salaries	----	(9,083.46)	----
Cash payments for employee benefit contributions	----	(5,046.43)	----
Net cash provided (used) by operating activities	----	----	2,058.00
<b>Cash flows from capital and related financing activities:</b>			
Capital contributions	----	75,964.99	----
Receipts (payments) from interprograms	----	14,622.12	----
Payments for capital assets	----	(90,587.11)	----
Net cash (used) for capital and related financing activities	----	----	----
Net increase (decrease) in cash and cash equivalents	----	----	2,058.00
Cash and cash equivalents at beginning of year	----	----	----
Cash and cash equivalents at end of year	\$ ----	\$ ----	\$ 2,058.00
Cash and cash equivalents	\$ ----	\$ ----	\$ 2,058.00
Restricted cash and cash equivalents	----	----	----
Total cash and cash equivalents at end of year	\$ ----	\$ ----	\$ 2,058.00
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ ----	\$ ----	\$ 2,058.00
Net cash provided (used) by operating activities	\$ ----	\$ ----	\$ 2,058.00

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2007

	Business Activities	Totals
<b>Cash flows from operating activities:</b>		
Cash received from tenants	\$ -----	\$ 422,093.50
Cash received from HUD grants- operating	-----	11,101,922.01
Cash received from other operating activities	179,330.63	452,450.22
Cash payments for goods and services	(120,147.45)	(8,783,030.61)
Cash payments to employees-salaries	(116,705.70)	(604,784.23)
Cash payments to employees-compensated absences	(17,645.74)	(28,535.05)
Cash payments for employee benefit contributions	(47,021.54)	(381,187.82)
Cash payments for in lieu of property taxes	-----	(29,385.18)
	<u>(122,189.80)</u>	<u>2,149,542.84</u>
<b>Net cash provided (used) by operating activities</b>		
<b>Cash flows from noncapital financing activities:</b>		
Receipts (payments) from interprograms	<u>(253,328.12)</u>	<u>-----</u>
<b>Net cash provided (used ) from non capital financing activities</b>	<u>(253,328.12)</u>	<u>-----</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital contributions	-----	75,964.99
Receipts (payments) from deferred credits and escrow deposits	-----	(79,608.22)
Payments for capital assets	-----	(90,587.11)
<b>Net cash (used) for capital and related financing activities</b>	<u>-----</u>	<u>(94,230.34)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of (payments) for investments	-----	(529,183.80)
Interest and dividends	56,723.82	94,809.91
Receipts (payments) from tenant security deposits	-----	1,281.00
<b>Net cash provided (used ) from investing activities</b>	<u>56,723.82</u>	<u>(433,092.89)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(318,794.10)</u>	<u>1,622,219.61</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>1,228,691.64</u>	<u>3,235,247.40</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 909,897.54</u>	<u>\$ 4,857,467.01</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)**

For Year Ended September 30, 2007

	<u>Business Activities</u>	<u>Totals</u>
Cash and cash equivalents	\$ 909,897.54	\$ 4,843,684.31
Restricted cash and cash equivalents	<u>-----</u>	<u>13,782.70</u>
Total cash and cash equivalents at end of year	<u>\$ 909,897.54</u>	<u>\$ 4,857,467.01</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (12,651.29)	\$ 1,771,084.12
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	-----	183,749.52
Changes in assets and liabilities:		
Receivables	(91,282.09)	207,515.10
Prepaid expenses	-----	(97.50)
Accounts and other payables	(21,908.62)	(8,060.52)
Compensated absences	<u>3,652.20</u>	<u>(4,647.88)</u>
Net cash provided (used) by operating activities	<u>\$ (122,189.80)</u>	<u>\$ 2,149,542.84</u>



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended September 30, 2007

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<b>U.S. Department of HUD</b>		
	<b>Public and Indian Housing Nonmajor - Direct Program</b>		
2007	Low Rent Program	14.850a	\$ <u>73,318.00</u>
	<b>Low Income Public Housing Major - Direct Program</b>		
2007	Housing Choice Vouchers	14.871	\$ <u>10,932,381.00</u>
	<b>Public and Indian Housing Nonmajor - Direct Program</b>		
2007	Capital Fund program	14.872	\$ <u>118,779.12</u>
	<b>Public and Indian Housing Nonmajor - Direct Program</b>		
2007	Disaster Voucher Program	14-DVP	\$ <u>3,254.00</u>
	<b>Total</b>		\$ <u>11,127,732.12</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

**NOTE 1 - Significant Accounting Policies**

The schedule of federal awards has been prepared on the accrual basis of accounting.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**PHA'S STATEMENT AND CERTIFICATION OF  
CAPITAL FUND PROGRAM COSTS**

September 30, 2007

1. Actual Capital Fund Program costs are as follows:

	<u>CFP 501-05</u>
Funds approved	\$ 114,828.00
Funds expended	<u>114,828.00</u>
Excess of Funds Approved	\$ <u>-----</u>
Funds advanced	\$ 114,828.00
Funds expended	<u>114,828.00</u>
Excess (deficiency) of Funds Advanced	\$ <u>-----</u>

2. The costs as shown on the Actual Cost Certificate dated October 24, 2007 submitted to HUD for approval is in agreement with the PHA's records as of September 30, 2007.
3. All costs have been paid and all related liabilities have been discharged through payments.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE

Year Ended September 30, 2007

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871
	<b>Assets:</b>		
	Current Assets:		
	Cash		
111	Cash-unrestricted	\$ 410,594.81	\$ 3,484,972.96
113	Cash-other restricted	-----	13,782.70
114	Cash-tenant security deposits	<u>36,161.00</u>	<u>-----</u>
100	Total cash	<u>446,755.81</u>	<u>3,498,755.66</u>
	Accounts and notes receivable:		
122	Accounts receivable-HUD	13,734.00	-----
125	Accounts receivable- miscellaneous	3,701.01	1,000.00
129	Accrued interest receivable	<u>-----</u>	<u>12,093.44</u>
120	Total receivables, net of allowance for doubtful accounts	<u>17,435.01</u>	<u>13,093.44</u>
	Current investments:		
131	Investments-unrestricted	-----	529,183.80
142	Prepaid expenses and other assets	6,854.00	-----
144/ (347)	Interprogram due from	<u>39,210.95</u>	<u>(577,401.85)</u>
150	Total current assets	<u>510,255.77</u>	<u>3,463,631.05</u>
	Noncurrent Assets:		
	Fixed assets:		
161	Land	50,000.00	-----
162	Buildings	3,205,483.23	158,311.65
164	Furniture, equipment and machinery-administration	57,979.00	171,903.00
165	Leasehold improvements	552,527.91	240,013.27
166	Accumulated depreciation	<u>(2,679,624.69)</u>	<u>(228,769.57)</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,186,365.45</u>	<u>341,458.35</u>
180	Total noncurrent assets	<u>1,186,365.45</u>	<u>341,458.35</u>
190	Total Assets	<u>\$ 1,696,621.22</u>	<u>\$ 3,805,089.40</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871
	<b>Liabilities and Equity:</b>		
	Liabilities:		
	Current Liabilities:		
312	Accounts payable < 90 days	\$ (43,138.79)	\$ -----
322	Accrued compensated absences- current portion	(12,975.45)	(13,343.88)
333	Accounts payable -other government	(31,811.45)	-----
341	Tenant security deposits	<u>(36,161.00)</u>	<u>-----</u>
310	Total current liabilities	<u>(124,086.69)</u>	<u>(13,343.88)</u>
	Noncurrent Liabilities:		
353	Noncurrent liabilities-other	-----	(13,782.70)
354	Accrued compensated absences- non current portion	<u>(8,114.55)</u>	<u>(11,856.57)</u>
350	Total noncurrent liabilities	<u>(8,114.55)</u>	<u>(25,639.27)</u>
300	Total liabilities	<u>(132,201.24)</u>	<u>(38,983.15)</u>
	Equity:		
508.1	Investment in capital assets , Net of Related Debt	<u>(1,186,365.45)</u>	<u>(341,458.35)</u>
512.1	Unrestricted Net Assets	<u>(378,054.53)</u>	<u>(3,424,647.90)</u>
600	Total Liabilities and Equity	<u>\$ (1,696,621.22)</u>	<u>\$ (3,805,089.40)</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871
	<b>Revenue:</b>		
703	Net rental revenue	\$ (422,093.50)	\$ -----
705	Total tenant revenue	(422,093.50)	-----
706	HUD PHA operating grants	(73,318.00)	(10,932,381.00)
711	Investment income-unrestricted	(24,555.96)	(25,623.57)
714	Fraud recovery	-----	(34,135.00)
715	Other revenue	(4,964.40)	-----
716	Gain on sale of fixed assets	-----	(3.29)
700	Total revenue	(524,931.86)	(10,992,142.86)
	<b>Expenses:</b>		
	Administrative		
911	Administrative salaries	53,896.48	390,710.59
912	Auditing fees	1,158.00	4,359.42
914	Compensated absences	(2,886.04)	5,475.27
915	Employee benefit contributions-administrative	32,896.88	279,586.17
916	Other operating-administrative	12,952.69	193,725.36
	Tenant services		
921	Tenant services-salaries	34,388.00	-----
922	Relocation costs	5,897.64	-----
923	Employee benefit contributions-tenant services	16,636.80	-----
924	Tenant services-other	757.80	-----
	Utilities		
931	Water	14,154.12	-----
932	Electricity	52,358.84	-----
933	Gas	26,786.87	-----
938	Other utilities expense	1,994.04	-----

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871
	Ordinary maintenance and operation		
942	Ordinary maintenance and operation-materials & other	17,073.50	-----
943	Ordinary maintenance and operation-contract costs	153,448.97	100,322.56
	Protective services		
952	Protective services-other contract costs	488.60	-----
	General expenses		
961	Insurance premiums	25,343.50	-----
963	Payments in lieu of taxes	31,812.93	-----
969	Total operating expenses	479,159.62	974,179.37
970	Excess (deficit) operating revenue over operating expenses	45,772.24	10,017,963.49
973	Housing assistance payments	-----	8,048,125.98
974	Depreciation expense	140,096.71	43,652.81
	Total expenses other than total operating	140,096.71	8,091,778.79
1000	Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	(94,324.47)	1,926,184.70
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	\$ (94,324.47)	\$ 1,926,184.70

## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Resident Opportunity and Supportive Services 14.870	Capital Fund Program 14.872	Disaster Voucher Program 14.DVP
	<b>Assets:</b>			
	Current Assets:			
	Cash			
111	Cash-unrestricted	\$ -----	\$ -----	\$ 2,058.00
100	Total cash	-----	-----	2,058.00
	Accounts and notes receivable:			
122	Accounts receivable-HUD	-----	4,026.70	-----
120	Total receivables, net of allowance for doubtful accounts	-----	4,026.70	-----
144/ (347)	Interprogram due from	5,241.20	(4,026.70)	-----
150	Total current assets	5,241.20	-----	2,058.00
	Noncurrent Assets:			
	Fixed assets:			
167	Construction in progress	-----	108,813.11	-----
160	Total fixed assets, net of accumulated depreciation	-----	108,813.11	-----
180	Total noncurrent assets	-----	108,813.11	-----
190	Total Assets	\$ 5,241.20	\$ 108,813.11	\$ 2,058.00

## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Resident Opportunity and Supportive Services 14.870	Capital Fund Program 14.872	Disaster Voucher Program 14.DVP
	<b>Liabilities and Equity:</b>			
	Liabilities:			
	Current Liabilities:			
342	Deferred revenues	\$ (5,241.20)	\$ -----	\$ -----
310	Total current liabilities	(5,241.20)	-----	-----
300	Total liabilities	(5,241.20)	-----	-----
	Equity:			
508.1	Investment in capital assets , Net of Related Debt	-----	(108,813.11)	-----
512.1	Unrestricted Net Assets	-----	-----	(2,058.00)
600	Total Liabilities and Equity	\$ (5,241.20)	\$ (108,813.11)	\$ (2,058.00)
	<b>Revenue:</b>			
706	HUD PHA operating grants	\$ -----	\$ (28,192.01)	\$ (3,254.00)
706.1	HUD PHA capital grants	-----	(90,587.11)	-----
700	Total revenue	-----	(118,779.12)	(3,254.00)
	<b>Expenses:</b>			
	Administrative			
911	Administrative salaries	-----	9,083.46	-----
915	Employee benefit contributions-administrative	-----	5,046.43	-----
916	Other operating-administrative	-----	6,133.12	296.00



## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.	Resident Opportunity and Supportive Services 14.870	Capital Fund Program 14.872	Disaster Voucher Program 14.DVP
Ordinary maintenance and operation			
942 Ordinary maintenance and operation-materials & other	-----	3,107.00	-----
943 Ordinary maintenance and operation-contract costs	-----	4,822.00	-----
969 Total operating expenses	-----	28,192.01	296.00
970 Excess (deficit) operating revenue over operating expenses	-----	90,587.11	2,958.00
973 Housing assistance payments	-----	-----	900.00
Total expenses other than total operating	-----	-----	900.00
1000 Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	-----	90,587.11	2,058.00
Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	\$ -----	\$ 90,587.11	\$ 2,058.00

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Business Activities -	Total
	<b>Assets:</b>		
	Current Assets:		
	Cash		
111	Cash-unrestricted	\$ 909,897.54	\$ 4,807,523.31
113	Cash-other restricted	-----	13,782.70
114	Cash-tenant security deposits	-----	36,161.00
100	Total cash	<u>909,897.54</u>	<u>4,857,467.01</u>
	Accounts and notes receivable:		
122	Accounts receivable-HUD	-----	17,760.70
125	Accounts receivable- miscellaneous	104,091.99	108,793.00
129	Accrued interest receivable	-----	12,093.44
120	Total receivables, net of allowance for doubtful accounts	<u>104,091.99</u>	<u>138,647.14</u>
	Current investments:		
131	Investments-unrestricted	-----	529,183.80
142	Prepaid expenses and other assets	-----	6,854.00
144/ (347)	Interprogram due from	<u>536,976.40</u>	<u>-----</u>
150	Total current assets	<u>1,550,965.93</u>	<u>5,532,151.95</u>
	Noncurrent Assets:		
	Fixed assets:		
161	Land	-----	50,000.00
162	Buildings	-----	3,363,794.88
164	Furniture, equipment and machinery-administration	-----	229,882.00
165	Leasehold improvements	-----	792,541.18
166	Accumulated depreciation	-----	(2,908,394.26)
167	Construction in progress	-----	108,813.11
160	Total fixed assets, net of accumulated depreciation	<u>-----</u>	<u>1,636,636.91</u>

## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.	Business Activities	Total
	-	
180 Total noncurrent assets	-----	1,636,636.91
190 Total Assets	\$ 1,550,965.93	\$ 7,168,788.86
<b>Liabilities and Equity:</b>		
Liabilities:		
Current Liabilities:		
312 Accounts payable < 90 days	\$ -----	\$ (43,138.79)
322 Accrued compensated absences- current portion	(8,895.93)	(35,215.26)
333 Accounts payable -other government	-----	(31,811.45)
341 Tenant security deposits	-----	(36,161.00)
342 Deferred revenues	-----	(5,241.20)
310 Total current liabilities	(8,895.93)	(151,567.70)
Noncurrent Liabilities:		
353 Noncurrent liabilities-other	-----	(13,782.70)
354 Accrued compensated absences- non current portion	(7,904.38)	(27,875.50)
350 Total noncurrent liabilities	(7,904.38)	(41,658.20)
300 Total liabilities	(16,800.31)	(193,225.90)
Equity:		
508.1 Investment in capital assets , Net of Related Debt	-----	(1,636,636.91)
512.1 Unrestricted Net Assets	(1,534,165.62)	(5,338,926.05)
600 Total Liabilities and Equity	\$ (1,550,965.93)	\$ (7,168,788.86)

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Business Activities -	Total
	<b>Revenue:</b>		
703	Net rental revenue	\$ -----	\$ (422,093.50)
705	Total tenant revenue	-----	(422,093.50)
706	HUD PHA operating grants	-----	(11,037,145.01)
706.1	HUD PHA capital grants	-----	(90,587.11)
711	Investment income-unrestricted	(56,723.82)	(106,903.35)
714	Fraud recovery	-----	(34,135.00)
715	Other revenue	(270,612.72)	(275,577.12)
716	Gain on sale of fixed assets	-----	(3.29)
700	Total revenue	(327,336.54)	(11,966,444.38)
	<b>Expenses:</b>		
	Administrative		
911	Administrative salaries	116,705.70	570,396.23
912	Auditing fees	1,022.58	6,540.00
914	Compensated absences	21,297.94	23,887.17
915	Employee benefit contributions-administrative	47,021.54	364,551.02
916	Other operating-administrative	62,073.81	275,180.98
	Tenant services		
921	Tenant services-salaries	-----	34,388.00
922	Relocation costs	-----	5,897.64
923	Employee benefit contributions-tenant services	-----	16,636.80
924	Tenant services-other	-----	757.80
	Utilities		
931	Water	-----	14,154.12
932	Electricity	-----	52,358.84
933	Gas	-----	26,786.87
938	Other utilities expense	-----	1,994.04

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2007

FDS Line Item No.		Business Activities -	Total
	Ordinary maintenance and operation		
942	Ordinary maintenance and operation-materials & other	----	20,180.50
943	Ordinary maintenance and operation-contract costs	35,142.44	293,735.97
	Protective services		
952	Protective services-other contract costs	----	488.60
	General expenses		
961	Insurance premiums	----	25,343.50
963	Payments in lieu of taxes	----	31,812.93
969	Total operating expenses	<u>283,264.01</u>	<u>1,765,091.01</u>
970	Excess (deficit) operating revenue over operating expenses	<u>44,072.53</u>	<u>10,201,353.37</u>
973	Housing assistance payments	----	8,049,025.98
974	Depreciation expense	----	183,749.52
	Total expenses other than total operating	----	<u>8,232,775.50</u>
1000	Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	<u>44,072.53</u>	<u>1,968,577.87</u>
	Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	<u>\$ 44,072.53</u>	<u>\$ 1,968,577.87</u>

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

Board of Commissioners  
Plymouth Housing Commission  
Plymouth, Michigan

We have audited the basic financial statements of the Plymouth Housing Commission, Michigan, (Commission) as of and for the year ended September 30, 2007, and have issued our report thereon dated April 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

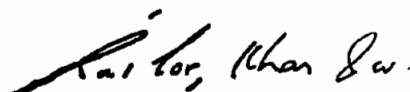
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies above are material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs.

The Commission's written response to the significant deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and uses of management, the Board of Commissioners, others within the Commission, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co. LLC

April 17, 2008

## Khan &amp; Co. LLC

**Report on Compliance with Requirements Applicable to Each Major Program and on  
Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Commissioners  
Plymouth Housing Commission  
Plymouth, Michigan

**Compliance**

We have audited the compliance of the Plymouth Housing Commission, Michigan, (Commission) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs.

**Internal Control Over Compliance**

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Commission's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

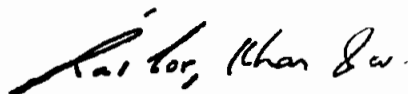


A *control deficiency* in an Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Commission's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The Commission's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Commission's written response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Plymouth Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co. LLC  
April 17, 2008

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEARS**

September 30, 2007

The prior audit report for the year ended September 30, 2006 contained no audit findings.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

September 30, 2007

**SECTION I - SUMMARY OF AUDITOR RESULTS**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	Yes
Identification of major programs:	

**CFDA**

<b>Number(s)</b>	<b>Name of Federal Program</b>
------------------	--------------------------------

14-871	Section 8 Housing Choice Vouchers
--------	-----------------------------------

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

September 30, 2007

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The current audit report for the year ended September 30, 2007 disclosed the following Financial Statement audit findings:

1. Reconciliation of Accounts

Criteria:

Account balances must be periodically reconciled to supporting documents.

Condition:

The following accounts did not agree with the supporting documentation:

- ▶ Family Self Sufficiency Liability
- ▶ Depreciation Expense

Questioned Costs:

None.

Effect:

At the Housing Commission's fiscal year end these accounts were incorrectly reported.

Cause:

Because of an oversight these account balances were not reconciled to supporting documents.

Recommendation:

We recommend the Commission's management create and initiate a system where account balances are reconciled to supporting documentation in a timely manner.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

September 30, 2007

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

1. Reconciliation of Accounts (Continued)

Management's Response:

Plymouth Housing Commission (PHC) has a monthly reconciliation system where account balances are reconciled to supporting documentation. PHC has reviewed the entire FSS program and made appropriate adjustments to the program and FSS Escrow accounts. The final report was finalized in Nov 2007 (after FYE) and as such did not reflect in the Sept 2007 financials.

PHC has consistently balanced depreciation schedule every year. Upon review of the adjusting entries, adjustments will be posted to the general ledger.

Action Plan:

Cindy Rapson will provide SREE Consultants, the FEE Accountant, with the final report on FSS Escrows. Upon release of the final audit report, SREE Consultants will post the adjusting entries to balance the FSS account within 30 days. Cindy Rapson and SREE Consultants will review the depreciation adjusting entries and adjustments will be posted to the general ledger within 30 days.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

September 30, 2007

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

2. Unrecorded Accruals

Criteria:

Income must be recorded as amounts are earned.

Condition:

Accrued interest was not recorded for investments during the fiscal year.

Questioned Costs:

None

Effect:

Interest income was under reported.

Cause:

Because of an oversight by management the interest earned was not recognized.

Recommendation:

We recommend the Commission's management review investments at the fiscal year end to recognize interest earned but not yet received.

Management's Response:

Cindy Rapson will work with SREE Consultants, the Fee Accountant, to ensure the interest income will be accrued and recorded at fiscal year end.

Action Plan:

Upon receipt of the final audit report, SREE Consultants will post the recommended audit adjusting entry within thirty days of the report.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

September 30, 2007

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

3. Prior Year Adjusting Entries.

Criteria:

Audit adjustment should be posted to the general ledger.

Condition:

Some adjusting entries from the previous year's audit were either not recorded or were incorrectly recorded.

Questioned Costs:

None.

Effect:

General ledger accounts are not being accurately presented during the year.

Cause:

The Housing Commission signed and approved prior year audit entries but have not taken steps to ensure all entries were made.

Recommendation:

We recommend the Commission take steps to verify all audit entries are posted accurately.

Management's Response:

Cindy Rapson and SREE Consultants, the FEE Accountant will review the prior year adjusting entries.

Action Plan:

Upon review with the auditor, Cindy Rapson will work with SREE Consultants post the prior year adjusting entries within 30 days.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

September 30, 2007

**SECTION III - FEDERAL AWARD FINDINGS**

The current audit report for the year ended September 30, 2007 disclosed the following Federal Awards audit findings:

4. Housing Choice Vouchers Revenue

Federal Program:

14-871 - Section 8 Housing Choice Vouchers

Criteria:

As explained in HUD Notice PIH 2005-1, the HUD consolidated Appropriations Act, 2005 changed the funding methodology of the Housing Choice Vouchers Program from unit-based to budget-based. PIH Notice 2006-3 stipulated that all unutilized program reserve balances would be reduced to zero. This eliminated the requirement to submit year end settlements (form HUD 52681) and PHA's are no longer able to record amounts due to or due from HUD.

Condition:

We noted the Housing Commission recorded accounts receivable HUD for audit costs and hard to house costs.

Questioned Costs:

None.

Effect:

The unadjusted amount recorded for accounts receivable-HUD and revenue-HUD PHA operating Grants were overstated.

Cause:

The Commission continues to use the previous revenue recognition methods.

Recommendation:

We recommend the Commission come into compliance with budget-based revenue recognition and cease the use of accounts receivable or payable HUD in the Section 8 Housing Choice Vouchers program.

Management's Response:

PHC has taken steps to be in compliance. However it should be noted that PHA's will have to record due to and due from HUD because of the changes to the Admin Fee revenue recognition of administrative fees in 2008.

Action Plan:

The FEE Accountant has made the appropriate entries for recognition of revenue.